

[First Reprint]

SENATE, No. 276

STATE OF NEW JERSEY
218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Senator BRIAN P. STACK

District 33 (Hudson)

Co-Sponsored by:

Senator Ruiz

SYNOPSIS

Permits certain local units, authorities, and utilities to reduce water and sewerage rates for low-income persons.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 18, 2018, with amendments.



(Sponsorship Updated As Of: 6/22/2018)

1 AN ACT concerning certain ¹water and¹ sewerage service rates and
 2 ¹**【supplementing P.L.1946, c.138 (C.40:14A-1 et seq.),**
 3 **P.L.1957, c.183 (C.40:14B-1 et seq.), and chapter 26A of Title**
 4 **40A of the New Jersey Statutes】 amending and supplementing**
 5 **various parts of the statutory law¹.**
 6

7 **BE IT ENACTED** *by the Senate and General Assembly of the State*
 8 *of New Jersey:*
 9

10 1. ¹(New section)¹ a. In addition to being authorized to
 11 establish rates or schedules as provided for in section 1 of P.L.1994,
 12 c.78 (C.40:14A-8.2), any county or municipal sewerage authority,
 13 which bills individual retail customer accounts, may, to the extent
 14 permitted by federal law, annually establish within its district rates
 15 or schedules which provide for a reduction of the periodic rents,
 16 rates, fees, or other charges for the use or services of the sewerage
 17 system which are charged to or collected from any person residing
 18 in the district, provided that:

19 (1) the person is the owner or tenant of the dwelling unit that is
 20 the residence of the person in the district;

21 (2) the dwelling unit that is the residence of the person in the
 22 district is a one-family dwelling or a dwelling unit in a two-family
 23 dwelling; and

24 (3) the household income for the dwelling unit that is the
 25 residence of the person in the district is at or below a percentage of
 26 the most recent federal poverty guidelines, which percentage is
 27 established by the county or municipal sewerage authority.

28 b. A county or municipal sewerage authority that establishes a
 29 reduction pursuant to subsection a. of this section shall adopt
 30 procedures for establishing eligibility and obtaining a reduction,
 31 and shall advertise the availability of the reduction in the bills
 32 submitted to residents in the district for periodic rents, rates, fees,
 33 or other charges for the use or services of the sewerage system, or
 34 in special periodic mailings to residents in the district.

35 c. As used in this section:

36 “Dwelling unit” means a structure, or portion thereof, which
 37 serves primarily as a residence for one or more persons.

38 “Household income” means the total income from all sources
 39 during the last full calendar year of an owner or tenant of a dwelling
 40 unit in the district and any immediate family member residing with
 41 the owner or tenant.
 42

43 2. ¹(New section)¹ a. In addition to being authorized to

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is
 not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted June 18, 2018.

1 establish rates or schedules as provided for in section 1 of P.L.1992,
2 c.215 (C.40:14B-22.2), any municipal authority, which bills
3 individual retail customer accounts, may, to the extent permitted by
4 federal law, annually establish within its district rates or schedules
5 which provide for a reduction of the periodic rents, rates, fees, or
6 other charges for the use or services of the sewerage system ¹, the
7 water system, or both the sewerage system and the water system,¹
8 which are charged to or collected from any person residing in the
9 district, provided that:

10 (1) the person is the owner or tenant of the dwelling unit that is
11 the residence of the person in the district;

12 (2) the dwelling unit that is the residence of the person in the
13 district is a one-family dwelling or a dwelling unit in a two-family
14 dwelling; and

15 (3) the household income for the dwelling unit that is the
16 residence of the person in the district is at or below a percentage of
17 the most recent federal poverty guidelines, which percentage is
18 established by the municipal authority.

19 b. A municipal authority that establishes a reduction pursuant
20 to subsection a. of this section shall adopt procedures for
21 establishing eligibility and obtaining a reduction, and shall advertise
22 the availability of the reduction in the bills submitted to residents in
23 the district for periodic rents, rates, fees, or other charges for the
24 use or services of the sewerage system ¹, the water system, or both
25 the sewerage system and the water system¹, or in special periodic
26 mailings to residents in the district.

27 c. As used in this section:

28 “Dwelling unit” means a structure, or portion thereof, which
29 serves primarily as a residence for one or more persons.

30 “Household income” means the total income from all sources
31 during the last full calendar year of an owner or tenant of a dwelling
32 unit in the district and any immediate family member residing with
33 the owner or tenant.
34

35 3. ¹(New section)¹ a. In addition to being authorized to
36 establish rates or schedules as provided for in section 5 of P.L.1994,
37 c.78 (C.40A:26A-10.1), any local unit operating a county or
38 municipal sewerage facility, which bills individual retail customer
39 accounts, may, to the extent permitted by federal law, annually
40 establish within its district rates or schedules which provide for a
41 reduction of the periodic rents, rates, fees, or other charges for the
42 use or services of the sewerage system which are charged to or
43 collected from any person residing in the district, provided that:

44 (1) the person is the owner or tenant of the dwelling unit that is
45 the residence of the person in the district;

1 (2) the dwelling unit that is the residence of the person in the
2 district is a one-family dwelling or a dwelling unit in a two-family
3 dwelling; and

4 (3) the household income for the dwelling unit that is the
5 residence of the person in the district is at or below a percentage of
6 the most recent federal poverty guidelines, which percentage is
7 established by the local unit operating a county or municipal
8 sewerage facility.

9 b. A local unit operating a county or municipal sewerage
10 facility that establishes a reduction pursuant to subsection a. of this
11 section shall adopt procedures for establishing eligibility and
12 obtaining a reduction, and shall advertise the availability of the
13 reduction in the bills submitted to residents in the district for
14 periodic rents, rates, fees, or other charges for the use or services of
15 the sewerage system, or in special periodic mailings to residents in
16 the district.

17 c. As used in this section:

18 “Dwelling unit” means a structure, or portion thereof, which
19 serves primarily as a residence for one or more persons.

20 “Household income” means the total income from all sources
21 during the last full calendar year of an owner or tenant of a dwelling
22 unit in the district and any immediate family member residing with
23 the owner or tenant.

24

25 ¹⁴4. (New section) a. In addition to being authorized to establish
26 rates or schedules as provided for in section 7 of P.L.1994, c.78
27 (C.40A:31-10.1), a local unit operating a county or municipal water
28 supply facility, which bills individual retail customer accounts,
29 may, to the extent permitted by federal law, annually establish
30 within its district rates or schedules which provide for a reduction
31 of the periodic rents, rates, or other charges for water supply service
32 which are charged to or collected from any person residing in the
33 district, provided that:

34 (1) the person is the owner or tenant of the dwelling unit that is
35 the residence of the person in the district;

36 (2) the dwelling unit that is the residence of the person in the
37 district is a one-family dwelling or a dwelling unit in a two-family
38 dwelling; and

39 (3) the household income for the dwelling unit that is the
40 residence of the person in the district is at or below a percentage of
41 the most recent federal poverty guidelines, which percentage is
42 established by the local unit operating a county or municipal water
43 supply facility.

44 b. A local unit operating a county or municipal water supply
45 facility that establishes a reduction pursuant to subsection a. of this
46 section shall adopt procedures for establishing eligibility and
47 obtaining a reduction, and shall advertise the availability of the
48 reduction in the bills submitted to residents in the district for

1 periodic rents, rates, or other charges for water supply service, or in
2 special periodic mailings to residents in the district.

3 c. As used in this section:

4 “Dwelling unit” means a structure, or portion thereof, which
5 serves primarily as a residence for one or more persons.

6 “Household income” means the total income from all sources
7 during the last full calendar year of an owner or tenant of a dwelling
8 unit in the district and any immediate family member residing with
9 the owner or tenant.¹

10
11 ¹5. Section 1 of P.L.2017, c.290 (C.40:14A-4.2) is amended to
12 read as follows:

13 1. a. Notwithstanding the provisions of any other law to the
14 contrary, the budget of every regional sewerage authority created
15 pursuant to the provisions of P.L.1946, c.138 (C.40:14A-1 et seq.)
16 shall be subject to the following provisions:

17 (1) (a) The percentage of growth in the fee-funded appropriations
18 in the annual budget of a regional sewerage authority shall not
19 exceed two percent per year; and the amount billed to customers of
20 the authority, or the amount billed to a local unit for its proportional
21 share of the authority's expenses, as the case may be, shall not
22 exceed that amount billed in the previous budget year to each
23 customer or local unit, as the case may be, by more than two
24 percent for a similar amount of use or service of the sewerage
25 system.

26 (b) A regional sewerage authority may add to the allowable
27 growth in fee-funded appropriations in any one of the next three
28 succeeding years, the amount of the difference between the
29 maximum allowable increase in fee-funded appropriations for the
30 current budget year pursuant to subparagraph (a) of this paragraph
31 and the actual amount of fee-funded appropriations for the current
32 budget year.

33 (2) The percentage of growth in the fee-funded appropriations in
34 the annual budget of a regional sewerage authority shall be
35 determined without consideration of any amounts appropriated by
36 the authority for:

37 (a) capital expenditures, including payment of principal or
38 interest on bonds authorized or issued pursuant to the "sewerage
39 authorities law," P.L.1946, c.138 (C.40:14A-1 et seq.);

40 (b) increases in pension contributions and accrued liability for
41 pension contributions in excess of two percent over those
42 expenditures for the previous budget year ;

43 (c) increases in health care costs equal to that portion of the
44 actual increase in total health costs for the budget year that is in
45 excess of two percent of total health care costs in the previous
46 budget year, but is not in excess of the product of the total health
47 care costs in the prior year and the average percentage increase of
48 the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et

1 seq.), as annually determined by the Division of Pensions and
2 Benefits in the Department of the Treasury;

3 (d) increases in energy cost expenditures in excess of two
4 percent over those expenditures for the previous budget year;

5 (e) extraordinary costs that are directly related to an emergency;
6 and

7 (f) expenditures for the cost of services mandated by any order
8 of court, by any federal or State statute, or by administrative rule,
9 directive, order, or other legally binding device issued by a State
10 agency which identified the cost as a mandated expenditure on
11 certification to the Local Finance Board by the State agency.

12 (3) Notwithstanding the limitations imposed by paragraph (1) of
13 this section, a regional sewerage authority may apply to the Local
14 Finance Board for a waiver to increase its rents, rates, fees, and
15 charges to levels sufficient to:

16 (a) compensate for loss of revenues due to reductions in the use
17 or service of the sewerage system; or

18 (b) allow for reasonable increases in rents, rates, fees, or other
19 charges that are necessary to compensate for reductions provided
20 pursuant to section 1 of P.L. , c. (C.) (pending before the
21 Legislature as this bill).

22 As used in this section, "emergency" shall mean any purpose
23 which is not foreseen at the time of the adoption of the annual
24 budget, or for which adequate provision was not made therein, to
25 meet a pressing need for public expenditure to protect or promote
26 the public health, safety, morals, or welfare.

27 b. After the budget of a regional sewerage authority has been
28 approved by the members of the regional sewerage authority, the
29 budget shall be forwarded to the Director of the Division of Local
30 Government Services for review and approval.

31 The director shall review the budget to ensure that the budget
32 conforms with the requirements of subsection a. of this section and
33 the "Local Authorities Fiscal Control Law," P.L.1983, c.313
34 (C.40A:5A-1 et seq.), and that the budgeted expenditures are
35 reasonable in cost and necessary for the performance of the regional
36 sewerage authority.

37 If the director determines that the budget meets the requirements
38 of this subsection, the director shall approve the budget. If the
39 director does not approve the budget, the director shall return the
40 budget to the members of the regional sewerage authority with
41 written information concerning the reasons for the disapproval of
42 the budget.

43 To the extent that the provisions of subsection a. of this section
44 conflict with the provisions of the "Local Authorities Fiscal Control
45 Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), subsection a. of this
46 section shall take precedence.¹

47 (cf: P.L.2017, c.290, s.1)

1 ¹6. Section 8 of P.L.1946, c.138 (C.40:14A-8) is amended to
2 read as follows:

3 8. (a) Every sewerage authority is hereby authorized to charge
4 and collect rents, rates, fees or other charges (in this act sometimes
5 referred to as "service charges") for direct or indirect connection
6 with, or the use or services of, the sewerage system. Such service
7 charges may be charged to and collected from any person
8 contracting for such connection or use or services or from the owner
9 or occupant, or both of them, of any real property which directly or
10 indirectly is or has been connected with the system or from or on
11 which originates or has originated sewage or other wastes which
12 directly or indirectly have entered or may enter the sewerage
13 system, and the owner of any such real property shall be liable for
14 and shall pay such service charges to the sewerage authority at the
15 time when and the place where such service charges are due and
16 payable.

17 (b) Rents, rates, fees and charges, which may be payable
18 periodically, being in the nature of use or service charges, shall as
19 nearly as the sewerage authority shall deem practicable and
20 equitable be uniform throughout the district for the same type, class
21 and amount of use or service of the sewerage system, except as
22 permitted by section 1 of P.L.1994, c.78 (C.40:14A-8.2) or section
23 1 of P.L. c. (C.) (pending before the Legislature as this
24 bill), and may be based or computed either on the consumption of
25 water on or in connection with the real property, making due
26 allowance for commercial use of water, or on the number and kind
27 of water outlets on or in connection with the real property, or on the
28 number and kind of plumbing or sewerage fixtures or facilities on
29 or in connection with the real property, or on the number of persons
30 residing or working on or otherwise connected or identified with the
31 real property, or on the capacity of the improvements on or
32 connected with the real property, or on any other factors
33 determining the type, class and amount of use or service of the
34 sewerage system, or on any combination of any such factors, and
35 may give weight to the characteristics of the sewage and other
36 wastes and any other special matter affecting the cost of treatment
37 and disposal thereof, including chlorine demand, biochemical
38 oxygen demand, concentration of solids and chemical composition.
39 In addition to any such periodic service charges, a separate charge
40 in the nature of a connection fee or tapping fee, in respect of each
41 connection of any property with the sewerage system, may be
42 imposed upon the owner or occupant of the property so connected.
43 Such connection charges shall be uniform within each class of
44 users, except as provided by section 2 of P.L.2005, c.29 (C.40:14A-
45 8.30) and except as provided by section 2 of P.L.2005, c.173
46 (C.40:14A-8.4), and the amount thereof shall not exceed the actual
47 cost of the physical connection, if made by the authority, plus an

1 amount computed in the following manner to represent a fair
2 payment toward the cost of the system:

3 (1) The amount representing all debt service, including but not
4 limited to sinking funds, reserve funds, the principal and interest on
5 bonds, and the amount of any loans and interest thereon, paid by the
6 sewerage authority to defray the capital cost of developing the
7 system as of the end of the immediately preceding fiscal year of the
8 authority shall be added to all capital expenditures made by the
9 authority not funded by a bond ordinance or debt for the
10 development of the system as of the end of the immediately
11 preceding fiscal year of the authority.

12 (2) Any gifts, contributions or subsidies to the authority
13 received from, and not reimbursed or reimbursable to any federal,
14 State, county or municipal government or agency or any private
15 person, and that portion of amounts paid to the authority by a public
16 entity under a service agreement or service contract which is not
17 repaid to the public entity by the authority, shall then be subtracted.

18 (3) The remainder shall be divided by the total number of
19 service units served by the authority at the end of the immediately
20 preceding fiscal year of the authority, and the results shall then be
21 apportioned to each new connector according to the number of
22 service units attributed to that connector, to produce the connector's
23 contribution to the cost of the system. In attributing service units to
24 each connector, the estimated average daily flow of sewage for the
25 connector shall be divided by the average daily flow of sewage for
26 the average single family residence in the authority's district to
27 produce the number of service units to be attributed.

28 The connection fee shall be recomputed at the end of each fiscal
29 year of the authority, after a public hearing is held in the manner
30 prescribed in subsection (c) of this section. The revised connection
31 fee may be imposed upon those who subsequently connect in that
32 fiscal year to the system. The combination of such connection fee
33 or tapping fee and the aforesaid periodic service charges shall meet
34 the requirements of subsection (c) hereof.

35 (c) The sewerage authority shall prescribe and from time to time
36 when necessary revise a schedule of service charges, which shall
37 comply with the terms of any contract of the sewerage authority and
38 in any event shall be such that the revenues of the sewerage
39 authority will at all times be adequate to pay all expenses of
40 operation and maintenance of the sewerage system, including
41 reserves, insurance, extensions, and replacements, and to pay
42 punctually the principal of and interest on any bonds and to
43 maintain such reserves or sinking funds therefor as may be required
44 by the terms of any contract of the sewerage authority or as may be
45 deemed necessary or desirable by the sewerage authority. Said
46 schedule shall thus be prescribed and from time to time revised by
47 the sewerage authority after public hearing thereon which shall be
48 held by the sewerage authority at least 20 days after notice of the

1 proposed adjustment is mailed to the clerk of each municipality
2 serviced by the authority and publication of notice of the proposed
3 adjustment of the service charges and of the time and place of the
4 public hearing in at least two newspapers of general circulation in
5 the area serviced by the authority. The sewerage authority shall
6 provide evidence at the hearing showing that the proposed
7 adjustment of the service charges is necessary and reasonable, and
8 shall provide the opportunity for cross-examination of persons
9 offering such evidence, and a transcript of the hearing shall be made
10 and a copy thereof shall be available upon request to any interested
11 party at a reasonable fee. The sewerage authority shall likewise fix
12 and determine the time or times when and the place or places where
13 such service charges shall be due and payable and may require that
14 such service charges shall be paid in advance for periods of not
15 more than one year. A copy of such schedule of service charges in
16 effect shall at all times be kept on file at the principal office of the
17 sewerage authority and shall at all reasonable times be open to
18 public inspection.

19 (d) Any county sewerage authority may establish sewerage
20 regions in portions of the district. Rents, rates, fees and charges
21 which may be payable periodically, being in the nature of use or
22 service charges, shall as nearly as the sewerage authority shall deem
23 practicable and equitable, be uniform throughout the district for the
24 same type, class and amount of use or service of the sewerage
25 systems, except as permitted by section 1 of P.L.1994, c.78
26 (C.40:14A-8.2), and shall meet all other requirements of subsection
27 (b) hereof.¹

28 (cf: P.L.2005, c.173, s.1)

29

30 ¹⁷. Section 21 of P.L.1957, c.183 (C.40:14B-21) is amended to
31 read as follows:

32 21. a. Every municipal authority is hereby authorized to charge
33 and collect rents, rates, fees or other charges (in this act sometimes
34 referred to as "water service charges") for direct or indirect
35 connection with, or the use, products or services of, the water
36 system, or for sale of water or water supply services, water supply
37 facilities or products. Such water service charges may be charged
38 to and collected from any person contracting for such connection or
39 use, products or services or for such sale or from the owner or
40 occupant, or both of them, of any real property which directly or
41 indirectly is or has been connected with the water system or to
42 which directly or indirectly has been supplied or furnished such use,
43 products or services of the water system or water or water supply
44 services, water supply facilities or products, and the owner of any
45 such real property shall be liable for and shall pay such water
46 service charges to the municipal authority at the time when and
47 place where such water service charges are due and payable. Such
48 rents, rates, fees and charges shall as nearly as the municipal

1 authority shall deem practicable and equitable be uniform
2 throughout the district for the same type, class and amount of use,
3 products or services of the water system, except as permitted by
4 section 1 of P.L.1992, c.215 (C.40:14B-22.2) or section 2 of
5 P.L. c. (C.) (pending before the Legislature as this bill),
6 and may be based or computed either on the consumption of water
7 on or in connection with the real property, or on the number and
8 kind of water outlets on or in connection with the real property, or
9 on the number and kind of plumbing fixtures or facilities on or in
10 connection with the real property, or on the number of persons
11 residing or working on or otherwise connected or identified with the
12 real property, or on the capacity of the improvements on or
13 connected with the real property, or on any other factors
14 determining the type, class and amount of use, products or services
15 of the water system supplied or furnished, or on any combination of
16 such factors, and may give weight to the characteristics of the water
17 or water services, facilities or products and, as to service outside the
18 district, any other matter affecting the cost of supplying or
19 furnishing the same, including the cost of installation of necessary
20 physical properties.

21 Every municipal authority that furnishes water supply services or
22 operates water supply facilities shall establish a rate structure that
23 provides for uniform water service charges for water supply service
24 and fire protection systems.

25 No municipal authority may impose standby fees or charges for
26 any fire protection system to a residential customer served by a
27 water service line of two inches or less in diameter.

28 Nothing in this section shall preclude a municipal authority from
29 requiring separate dedicated service lines for fire protection. A
30 municipal authority may require that fire service lines be metered.
31 Nothing in this section shall alter the liability for maintenance and
32 repair of service lines which exists on the effective date of
33 P.L.2003, c.278.

34 b. In addition to any such water service charges, a separate
35 charge in the nature of a connection fee or tapping fee, in respect of
36 each connection of any property with the water system, may be
37 imposed upon the owner or occupant of the property so connected.
38 Such connection charges shall be uniform within each class of
39 users, except as provided by section 5 of P.L.2005, c.29 (C.40:14B-
40 22.3) and except as provided by section 5 of P.L.2005, c.173
41 (C.40:14B-22.4), and the amount thereof shall not exceed the actual
42 cost of the physical connection, if made by the authority, plus an
43 amount computed in the following manner to represent a fair
44 payment toward the cost of the system:

45 (1) The amount representing all debt service, including but not
46 limited to sinking funds, reserve funds, the principal and interest on
47 bonds, and the amount of any loans and interest thereon, paid by a
48 municipal authority to defray the capital cost of developing the

1 system as of the end of the immediately preceding fiscal year of the
2 authority shall be added to all capital expenditures made by the
3 authority not funded by a bond ordinance or debt for the
4 development of the system as of the end of the immediately
5 preceding fiscal year of the authority.

6 (2) Any gifts, contributions or subsidies to the authority
7 received from, and not reimbursed or reimbursable to any federal,
8 State, county or municipal government or agency or any private
9 person, and that portion of amounts paid to the authority by a public
10 entity under a service agreement or service contract which is not
11 repaid to the public entity by the authority, shall then be subtracted.

12 (3) The remainder shall be divided by the total number of
13 service units served by the authority at the end of the immediately
14 preceding fiscal year of the authority, and the results shall then be
15 apportioned to each new connector according to the number of
16 service units attributed to that connector, to produce the connector's
17 contribution to the cost of the system. In attributing service units to
18 each connector, the estimated average daily flow of water for the
19 connector shall be divided by the average daily flow of water to the
20 average single family residence in the authority's district, to
21 produce the number of service units to be attributed.

22 c. The connection fee shall be recomputed at the end of each
23 fiscal year of the authority, after a public hearing is held in the
24 manner prescribed in section 23 of P.L.1957, c.183 (C.40:14B-23).
25 The revised connection fee may be imposed upon those who
26 subsequently connect in that fiscal year to the system. The
27 combination of such connection fee or tapping fee and the aforesaid
28 water service charges all meet the requirements of section 23 of
29 P.L.1957, c.183 (C.40:14B-23).

30 d. The foregoing notwithstanding, no municipal authority shall
31 impose any charges or fees in excess of the cost of water actually
32 used for any sprinkler system required to be installed in any
33 residential health care facility pursuant to the "Health Care
34 Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and
35 regulations promulgated thereunder or in any rooming or boarding
36 house pursuant to the "Rooming and Boarding House Act of 1979,"
37 P.L.1979, c.496 (C.55:13B-1 et al.) and regulations promulgated
38 thereunder. Nothing herein shall preclude any municipal authority
39 from charging for the actual cost of water main connections, except
40 as provided by section 5 of P.L.2005, c.29 (C.40:14B-22.3) and
41 except as provided by section 5 of P.L.2005, c.173 (C.40:14B-
42 22.4).¹

43 (cf: P.L.2005, c.173, s.3)
44

45 ¹8. N.J.S.40A:26A-10 is amended to read as follows:

46 40A:26A-10. After the commencement of operation of sewerage
47 facilities, the local unit or units may prescribe and, from time to
48 time, alter rates or rentals to be charged to users of sewerage

1 services. Rates or rentals being in the nature of use or service
2 charges or annual rental charges, shall be uniform and equitable for
3 the same types and classes of use and service of the facilities,
4 except as permitted by section 5 of P.L.1994, c.78 (C.40A:26A-
5 10.1) or section 3 of P.L. c. (C.) (pending before the
6 Legislature as this bill). Rates or rentals and types and classes of
7 use and service may be based on any factors which the governing
8 body or bodies of that local unit or units shall deem proper and
9 equitable within the region served.

10 In fixing rates, rental and other charges for supplying sewerage
11 services, the local unit or units shall establish a rate structure that
12 allows, within the limits of any lawful covenants made with
13 bondholders, the local unit to:

14 a. Recover all costs of acquisition, construction or operation,
15 including the costs of raw materials, administration, real or personal
16 property, maintenance, taxes, debt service charges, fees and an
17 amount equal to any operating budget deficit occurring in the
18 immediately preceding fiscal year;

19 b. Establish a surplus in an amount sufficient to provide for the
20 reasonable anticipation of any contingency that may affect the
21 operating of the sewerage facility, and, at the discretion of the local
22 unit or units, allow for the transfer of moneys from the budget for
23 the sewerage facilities to the local budget in accordance with
24 section 5 of P.L.1983, c.111 (C.40A:4-35.1).¹

25 (cf: P.L.1994, c.78, s.6)

26
27 ¹9. N.J.S.40A:31-10 is amended to read as follows:

28 40A:31-10. a. After the commencement of operation of water
29 supply facilities, the local unit or units may prescribe and, from
30 time to time, alter rates or rentals to be charged to users of water
31 supply services. Rates or rentals being in the nature of use or
32 service charges or annual rental charges, shall be uniform and
33 equitable for the same type and class of use or service of the
34 facilities, except as permitted by section 7 of P.L.1994, c.78
35 (C.40A:31-10.1) or section 4 of P.L. c. (C.) (pending
36 before the Legislature as this bill). Rates or rentals and types and
37 classes of use and service may be based on any factors which the
38 governing body or bodies of that local unit or units shall deem
39 proper and equitable within the region served.

40 b. Every local unit operating a municipal water supply facility
41 shall establish a rate structure that provides for uniform rates,
42 rentals, or other charges for water supply service and fire protection
43 systems.

44 No local unit may impose standby fees or charges for any fire
45 protection system to a residential customer served by a water
46 service line of two inches or less in diameter.

47 c. In fixing rates, rental and other charges for supplying water
48 services, the local unit or units shall establish a rate structure that

1 allows, within the limits of any lawful covenants made with
2 bondholders, the local unit to:

3 (1) Recover all costs of acquisition, construction or operation,
4 including the costs of raw materials, administration, real or personal
5 property, maintenance, taxes, debt service charges, fees and an
6 amount equal to any operating budget deficit occurring in the
7 immediately preceding fiscal year;

8 (2) Establish a surplus in an amount sufficient to provide for the
9 reasonable anticipation of any contingency that may affect the
10 operation of the utility, and, at the discretion of the local unit or
11 units, allow for the transfer of moneys from the budget for the water
12 supply facilities to the local budget in accordance with section 5 of
13 P.L.1983, c.111 (C.40A:4-35.1).

14 d. No local unit or units shall impose any rates or rentals in
15 excess of the cost of water actually used for any sprinkler system
16 required to be installed in any residential health care facility
17 pursuant to the "Health Care Facilities Planning Act," P.L.1971,
18 c.136 (C.26:2H-1 et seq.) and regulations promulgated thereunder
19 or in any rooming or boarding house pursuant to the "Rooming and
20 Boarding House Act of 1979," P.L.1979, c.496 (C.55:13B-1 et al.)
21 and regulations promulgated thereunder.

22 e. Nothing in this section shall preclude a local unit operating a
23 municipal water supply facility from requiring separate dedicated
24 service lines for fire protection. The local unit may require that fire
25 service lines be metered. Nothing in this section shall alter the
26 liability for maintenance and repair of service lines which exists on
27 the effective date of P.L.2003, c.278.¹

28 (cf: P.L.2003, c.278, s.7)

29

30 ¹**[4.] 10.**¹ This act shall take effect immediately, but any rate
31 reduction shall remain inoperative until the first day of the fourth
32 month next following the date of enactment.